



Special Notice

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Board website and Member contact
information: www.boe.ca.gov

Taxpayers' Rights
Advocate: 888-324-2798

In-State Voluntary Use Tax Disclosure

Overview

Generally, use tax applies when a person or business in California purchases tangible merchandise from a retailer located outside of this state that will be *used, consumed, given away, or stored* in this state. From January 1, 2004, through January 1, 2006, the In-State Voluntary Disclosure Program (Revenue and Taxation Code section 6487.06) allowed qualified purchasers within California who were not otherwise required to hold a seller's permit to report and pay their use tax liability with a three-year statute of limitations. Passage of Assembly Bill 671 (Chapter 308; Statutes of 2005) amended section 6487.06 to extend the previous sunset date of the program from January 1, 2006 to January 1, 2008.

Benefits

The In-State Voluntary Disclosure Program

- Limits the time we have to make an assessment for prior use tax to three years. Without this section, the applicable statutory period would be a maximum of ten years.
- Allows us to waive late filing and late payment penalties.
- Allows applicants to describe their circumstances anonymously and obtain from us a written opinion regarding whether we might approve their voluntary disclosure request.

Who Qualifies for the In-State Voluntary Disclosure Program?

To qualify for the In-State Voluntary Disclosure Program, all of the following conditions must be met:

- You reside or are located within California, and you have not previously registered with us;
- You have not previously filed an Individual Use Tax Return with us;
- You are not engaged in business in this state as a retailer, as defined in Revenue and Taxation Code section 6015;
- You have not been contacted by us for failure to report the use tax imposed by Revenue and Taxation Code section 6202;
- Your purchase is not of a vehicle, vessel, or aircraft;
- You voluntarily come forward to us.

January 2006

Who Is Liable for California Use Tax?

Use tax is imposed upon the purchaser. It generally applies to purchases from out-of-state vendors who do not collect California tax on their sales. If sales tax would apply if you purchased a particular item in California, then use tax applies when you make a similar purchase without tax from a business outside this state.

For further information, please see publication 112, *Purchases from Out-of-State Vendors*. To obtain a copy, please visit our website at www.boe.ca.gov or phone our Information Center at 800-400-7115. This publication is also available in Spanish (publication 112-S).

Some purchases from out-of-state vendors, however, may not be subject to use tax. The most common use tax exemptions and exclusions apply when

- You buy the item in a transaction that would be exempt or excluded from sales tax if it occurred in California. Examples include purchases of cold food products and purchases for resale.
- You buy prescription medicines prescribed by a licensed physician from a pharmaceutical manufacturer, pharmacist, or health facility.
- You do not use the item in California but instead ship it to a location outside the state for exclusive use there. This is true whether you ship the item by itself or first incorporate it into another product.

How Do You Apply?

Submit all of the following documents to your nearest Board office:

FORM NUMBER	TITLE OF FORM
BOE-38-I	<i>Application for In-State Voluntary Disclosure</i>
BOE-735	<i>Request for Relief from Penalty</i>
BOE-400-CSU	<i>California Consumer Use Tax Account Application</i>

If you have any questions, please phone our Information Center at 800-400-7115.

You may anonymously describe your circumstances and request a written opinion as to whether we might approve your voluntary disclosure request by e-mailing voluntary.disclosure@boe.ca.gov or writing to:

Attn: Voluntary Disclosure Program, MIC: 44
Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0044
